

# Over Certification of Free/Reduced Price Eligible Students

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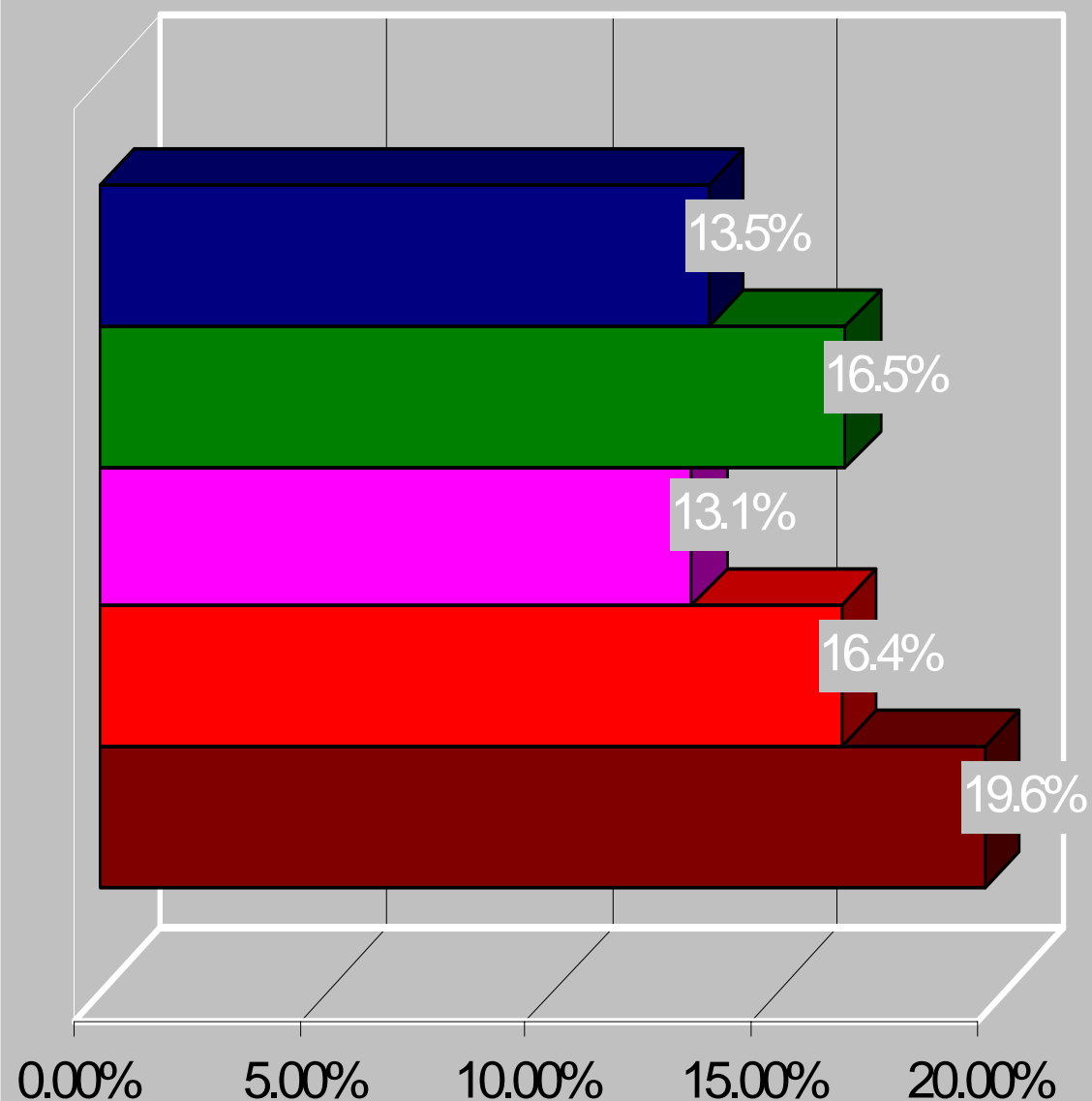
- Situation: USDA has concluded, after an analysis of census and other data, that there are more students eligible for free and reduced price meals than there should be.
- Problem: a number of other federal, state and local programs use the free/reduced price data as their main criteria for distributing funds: at the federal level these include Title I, CHIP, Child Care Development Block Grants, Gear Up, E-rates for Schools and Libraries, the Child and Adult Care Food Program, the Summer Food Service Program for Children, and the Workforce Replacement Act programs.
- At the state level in Kentucky add the SEEK At Risk funding and the Family Resource Center/Youth Service Center funding

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- The attached charts provide information regarding the potential consequences of the situation.
- The first shows the information that USDA has analyzed in coming to their conclusion and the extent to which that information points to a potential problem.
- The second demonstrates the extent to which F/RP data is used in other programs nationwide and the amount of funding involved in those programs.
- The third demonstrates the extent to which F/RP data is used in programs administered by KDOE and the amount of funding involved.
- The fourth, and last, chart shows the history of free/reduced price eligibility in the public schools of Kentucky from October 93 through October 99.

## % of Children receiving NSLP Benefits they are not entitled to



■ **CSFII 1994-96**

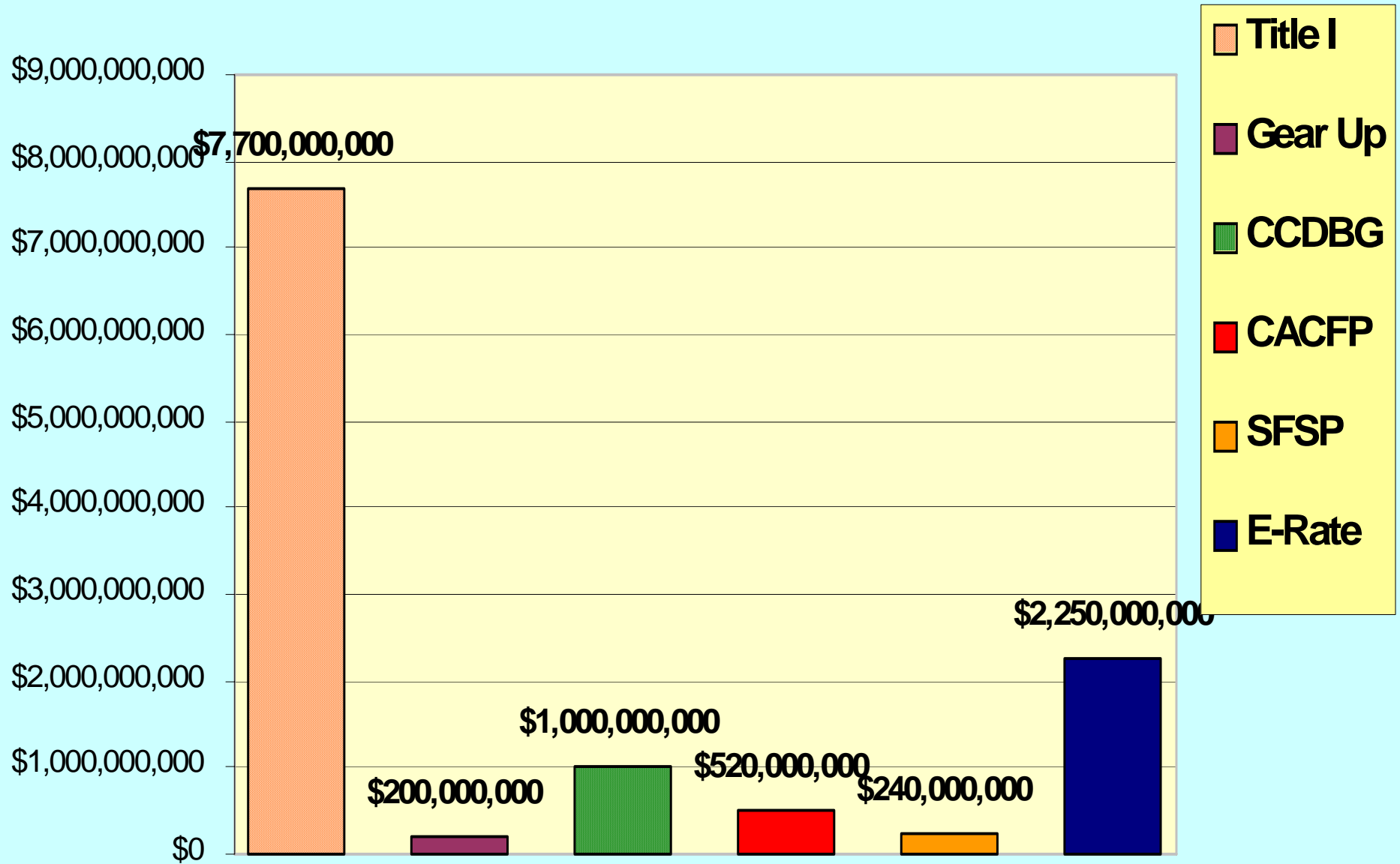
■ **FNS (In-home audits) 1987**

■ **FNS (SFA verification) 1987**

■ **CPS 1993**

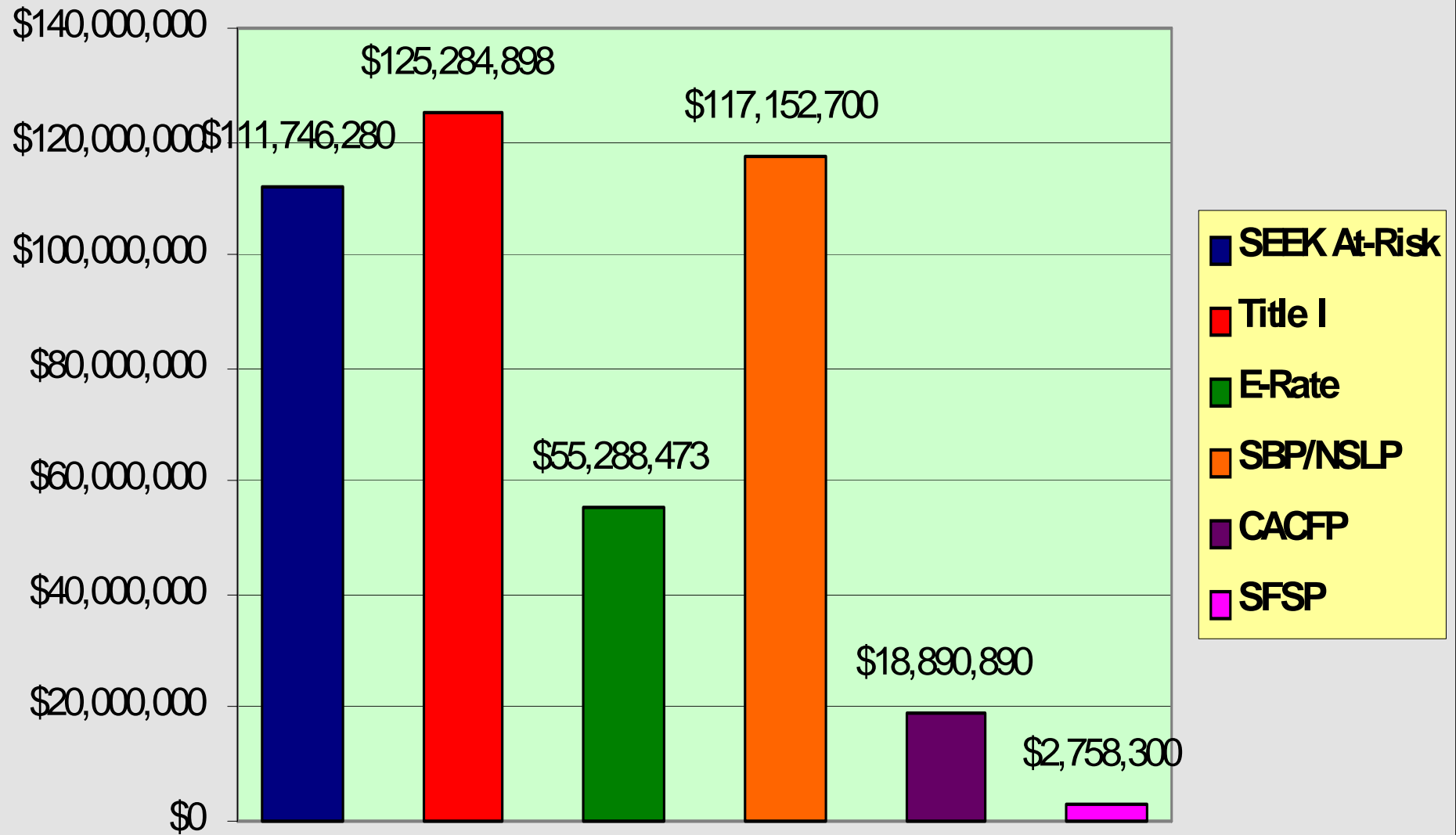
■ **CPS 1996**

## Non-NSLP Uses of F/R Eligibility-Nationally

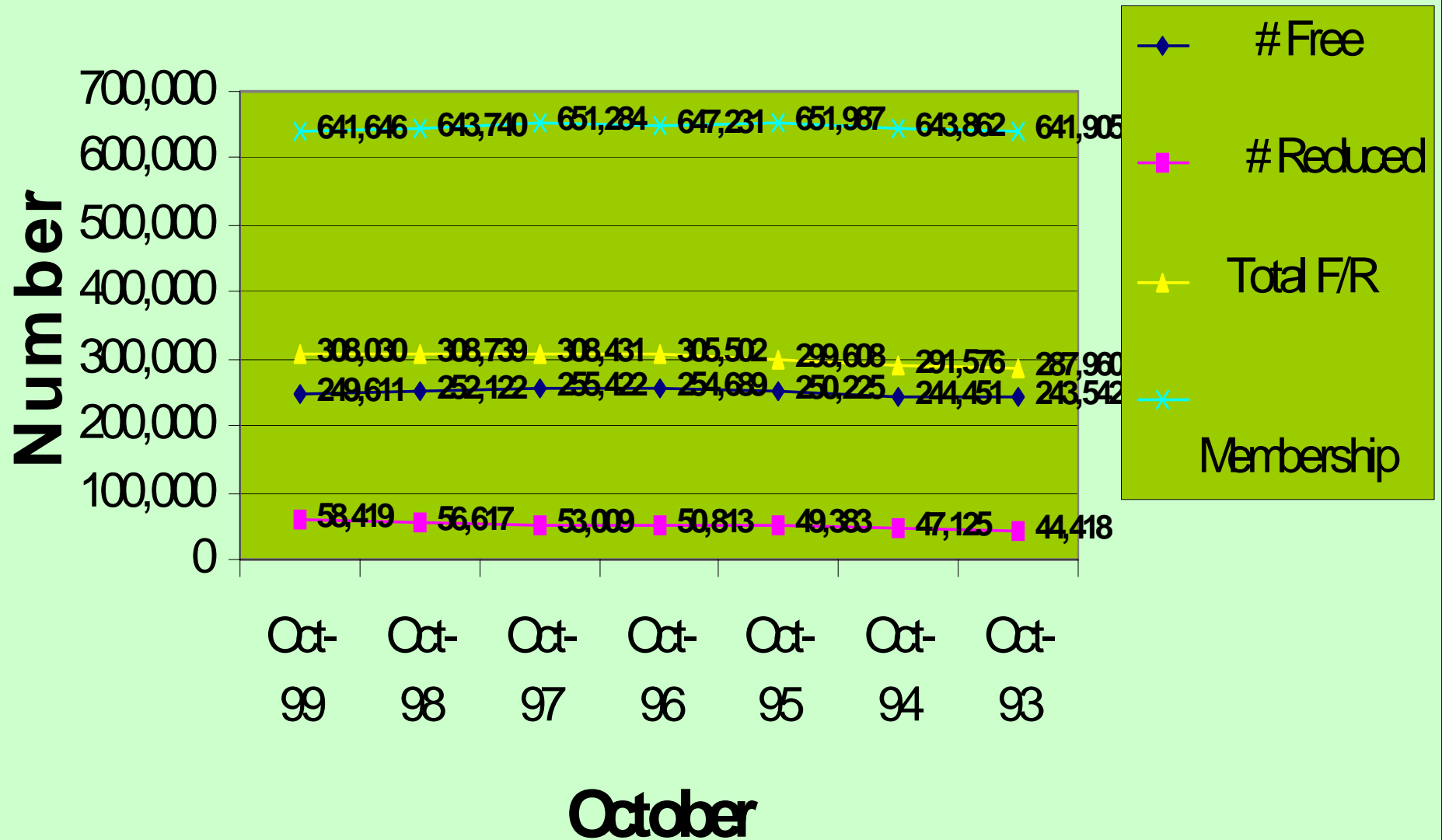




## F/R Related Funding-Kentucky



# Free/Reduced Price Eligibles-Kentucky



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- USDA is responding to the situation. They have permitted a number of school districts across the country to conduct what they are calling “alternative certification/verification pilots”. These involve:
- Up front verification of information on free/reduced price income applications for school meals.
- Out sourcing of the verification process to private contractors.
- “Second looks” at students who are categorically eligible for free meals due to direct certification
- “Graduated” verification requirements based on the percentage of free/reduced price students in the district the previous year.
- USDA anticipates that funding will be available to conduct a rigorous evaluation of these “pilots”.

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- Currently, school districts are required to do verification by one of two means: “random sampling” or “focused sampling”. Almost without exception, our districts choose the former method. They verify information on three percent (3%) of the income applications they receive. Although the final information is widely used in the district and at the state level, the cost of verification is borne by the local SFS program(s).



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- Some have been thinking about alternatives to increased verification by local SFS program operators. Alternatives include:
- Changing funding criteria from the number or percent of students **approved for free/reduced price meals** to the number or percent of free/reduced price students **participating** in the meal service. This would encourage **access to meals** instead of just finding the students and getting them certified as eligible for the meals.
- Taking the verification process away from the local SFS program operators and making it a district function paid for from funds gained from charging those who use the information; the SFS program, the Title I program, the assessment program, etc. This could be done with indirect cost rates much as SFS programs are charged indirect costs rates now.

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- This will play itself out over the next few months. However it ends; it will have an impact on federal and state funding for schools.
- OMB has established an Interagency Working Group composed of representatives from USDA, USDOE, DHHS, DOL, and the Census Bureau. This group continues to discuss the issue.